



South Carolina Department of Consumer Affairs

LONG DISTANCE SHOPPING GUIDE

The Savvy Consumer's Guide to THE BEST RATES



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As the number of options available to consumers continues to grow, shopping for the right long distance service has become more confusing than ever before. In addition to plans from major companies like AT&T and Sprint, hundreds of smaller companies now offer a wide-range of services. These services include calling cards, prepaid calling cards, dial around 10-10-xxx services, and long distance plans on wireless phones. The plan that is right for you depends on your calling habits, and how much you use (or want to use) your long distance service.

Long Distance Calling Plans

The first step in shopping for long distance service is to assess your calling habits. Use your most recent phone bills to determine:

1. The number of long distance calls you make each month;
2. The duration in minutes of those calls;
3. Which day of the week and the time of day you make the calls;
4. The destination of those calls (local toll calls, in-state long distance, state-to-state long distance, international long distance);
5. From what location you make your calls (home or away from home); and
6. Any monthly fee or minimum charge.

Once you have this information, contact several long distance companies for information about rates and calling plans that fit your needs. There may be a list of companies in the front of your telephone book or check the yellow pages. If you have access to the Internet, most companies maintain web sites with pricing information. These sites may allow you to switch your service online. Many companies offer their best deals online, especially if you are willing to receive your bills electronically, and allow the company to bill a credit card for your service.

When you make your long distance calls is important because most companies price their services differently depending on the day and time of the call. Calls made late at night or during the weekend are usually cheaper. Some calling plans offer different rates at different times, and some may offer one rate no matter what the day or time.

Where you call also matters. Local toll calls are calls that are placed to another number within your local long distance calling zone. There should be a map of this region in the front of your telephone book. Until recently, these calls were carried exclusively by your local telephone company, such as BellSouth. Since 1999, customers have been

able to choose, or pre-subscribe, to any long distance company to carry these calls, as well as their in-state and state-to-state calls. If most of your long distance calls are local toll, in addition to checking prices from long distance companies, you should check with your local telephone company to see if it offers an Area Calling Plan service. Your local company may even offer unlimited calling within this zone for a certain price. Compare how much you call and the price per minute with the cost of a flat-rate plan. If you make a lot of local toll calls, this could save you quite a bit of money.

You should also determine what percentage of your calls are in-state, and how many are state-to-state calls. In most advertising, the cheapest rates quoted are for state-to-state calls. These calls will almost always be cheaper than in-state calls. While this may seem backward, it isn't. The price of state-to-state calls is supported by the federal subscriber line charge everyone pays on his or her local phone bill, regardless of whether or not he or she makes any long distance calls. There is presently no similar in-state fee. Always ask each company what its rates are for both in-state calls, as well as the state-to-state rates. If you make international calls, ask about special rates or bonus plans. If you make long distance calls while traveling, also ask the long distance company about its calling card rates, especially what surcharge is added to each call placed using the card.



The calling plans that offer the lowest per minute rates will almost always require you to pay a monthly fee, regardless of how many calls you make in a given month. For example, plans that offer state-to-state rates of five or seven cents a minute may also require a monthly fee of \$5 or \$6. When shopping for a plan, include the cost of any fee in determining your overall cost of long distance. An hour's worth of calls at 10 cents per minute and no monthly fee is a better deal than an hour's worth of calls at five cents per minute and a \$6 per month fee (\$6 vs. \$9). The lowest per minute rate may not always be the best deal.

For customers that make very few long distance calls, it may seem that the amount of money saved won't be worth the time spent shopping. While this may be true if you look at just per minute rates and usage, these consumers can save money by finding a calling plan that does not charge a minimum monthly fee, or other surcharges. Minimum monthly charges can run \$3 per month or more, which can be expensive if you make no long distance calls. For these customers, it may make sense to take the option of not pre-subscribing to any long distance carrier at all. You can still make long distance calls from your home using a dial around 10-10-xxx service, or a prepaid calling card. Simply call your local telephone company and tell them you don't want to

pre-subscribe to any long distance carrier.

If you want to keep getting the best rates for long distance, you must periodically check with your company to see if it is offering you its best rate. Companies will not move you to a newer and cheaper plan on their own.

Dial-Around 10-10-xxx Services

Some of the most heavily advertised services in the long distance market today are the dial around 10-10-xxx services. Services like 10-10-321 and 10-10-220 promise low rates or up to 20 minutes of long distance for less than a dollar. These services are actually provided by major long distance carriers under a different brand name (These two are provided by Telecom*USA.) You can use these services if you are pre-subscribed to a different long distance carrier, or if you subscribe to no carrier at all. The charges will appear on your regular local phone bill. As with every service, make sure of the rates before you use the service to avoid surprises. Some 10-10-xxx service may have minimum charges or other fees that could increase the advertised per minute rate.

Pre-Paid Calling Cards

In recent years, prepaid calling cards have gained popularity. Many retail stores and even banks sell prepaid phone cards. These cards offer callers the ability to control their long distance spending, and the flexibility to use them when they are away from home. Using one at a pay phone will allow you to avoid hidden charges that may be associated if you use the long distance carrier chosen by the pay phone owner. You can also use them from home if you are pre-subscribed to a different long distance carrier, or if you subscribe to no carrier at all. The cards are not, however, without problems.

Consumers should be sure of how many minutes of conversation are included on a card, whether there is a minimum charge per call or per month, whether the card expires on any given date, and whether there are any other taxes or surcharges associated with using the card. These extra charges could eat up the value of a card after only a few minutes of use. There should be a toll free customer service number on the card for you to get information about the card and its use, and for you to file a complaint with the company. Generally, the best advice is to buy calling cards from merchants that you know and have dealt with before, and who have an interest in resolving complaints to keep your business. Beware of calling cards sold with roadside signs promising long distance for two or three cents per minute. There will likely be minimum use requirements or surcharges that drive that price up.

Wireless Long Distance

In the past couple of years, competition in the wireless phone industry has led to many companies offering service packages that allow customers to call several states in the region, or nationwide for no additional charges. These companies' basic long distance rates may also compare favorably with those of the long distance carriers even if you don't sign up for one of the all-inclusive plans. The prices for wireless service plans don't warrant using them for long distance alone. However, if you need a wireless phone anyway, the long distance prices do offer another alternative if you choose to not pre-subscribe to any long distance company on your home line.

Slamming

You have the right to choose your primary long distance company and to change companies whenever you wish. Over the past few years, the number one consumer complaint in the telephone market involves a practice called "slamming" — when your chosen long distance telephone service provider is switched to another company without your consent or knowledge. To combat slamming, check your phone bill each month to make sure that the company you have chosen has not changed. For more protection, contact your local telephone company and request a freeze on the ability of anyone except you to change your long distance carrier. This will require a written authorization from you to change who is providing you long distance.

Internet Resources

Using the Internet is one of the easiest ways to shop for low-priced long distance service. Several organizations have web sites that offer advice on shopping for long distance service and also track rates. While not all the long distance companies listed on these sites offer service in South Carolina, many do, and these sites can make your shopping easier. You can also check the web sites of long distance companies. When you find a deal that interests you, give the company a call. Given the rapid pace that rates and plans change, web sites might not always be up to date.

It takes a bit of effort, but undertaking a little investigative work will result in savings on the long distance charges of your telephone bill. Identify your specific needs, then shop around for the plan that best meets them.

